

Overview: Delaware Weatherization Assistance Program

Department of Natural Resources and Environmental Control



INTRODUCTION

The Weatherization Assistance Program (WAP) of the U.S. Department of Energy (DOE) reduces the energy costs for low-income households by increasing the energy efficiency of their homes. In addition, the program makes people's homes healthier, safer, and more comfortable. The DOE estimates that the average household saves \$437 per year on their energy costs after receiving weatherization services. WAP provides an opportunity to significantly reduce the fuel assistance needed by low-income households, who spend over 14% of their total annual income on energy costs alone. Weatherization is a highly cost-effective investment: for every \$1 invested in the program, WAP returns an estimated \$2.5 to the household and society.¹

Delaware's weatherization assistance program is being transferred from the Department of Health and Social Services (DHSS) to the Department of Natural Resources and Environmental Control's (DNREC). The new program will be submitted to DOE as two revised grant applications: WAP annual 2010-2011 grant and the WAP American Recovery and Reinvestment Act (ARRA) grant (2009-2012). The grant applications will have a public hearing before being submitted officially to DOE. The goal of this document is to detail DNREC's plans for the weatherization program and to explain how DNREC will address all the concerns with the program identified by the DOE's Management Performance Review earlier this year.

After site visits in March and May 2010, DOE outlined several concerns about Delaware's program, including: insufficient staffing of the program; lack of documentation; insufficient quality control and quality assurance; insufficient training of staff, auditors, and contractors; incorrect coding of funds and reporting of activity; insufficient monitoring of subgrantees and vendors; ineligible units; inadequate "flow down" of DOE requirements; potential Davis Bacon Act violations; inadequate procurement processes; and the performance and processing of work that is not an allowable cost for weatherization (e.g., some windows, doors, air conditioning, and bathrooms). These concerns apply to all the units weatherized since April 2009 (approximately 1300 units) with funding from the WAP annual 2009 grant, WAP annual 2010 grant, and the WAP ARRA grant and other state sources (Utility fund, RGGI). Total expenditures from all sources on the 1300 units is approximately \$10 million.

DNREC's outlined plan has two main components: 1) a new and improved program going forward, and 2) a detailed process of going back through each of the approximately 1300 homes,

¹ For more information, see DOE's website: <http://www.waptac.org/WAP-Basics.aspx>

ensuring compliance with DOE regulations. The “going backwards” process will involve new final inspections for all units since April 2009, identification and implementation of “missed opportunities” of cost-effective weatherization measures on these homes, extensive quality control and assurance on all work, and the recoding of all units in the Federal Reporting systems. DOE currently considers all of these approximately 1300 units as “in progress” with zero units considered completed in Delaware. Once considered final, homes are not eligible for additional weatherization work for a significant period of time (currently at least 16 years) so correcting for missed opportunities now is important. Therefore, a priority of DNREC is making sure all these households are properly weatherized, so that the low-income families do not pay the cost of extra energy due to previous programmatic WAP issues.

KEY PROGRAMMATIC COMPONENTS

1. The importance of fast but effective timelines

One of DNREC’s primary concerns is getting the new program up and running as fast as possible. We have a new heating season fast approaching, with hundreds of families in need of healthier and safer homes with lower energy bills. Moreover, weatherization laborers have been out of work already for several months. It is imperative that these people are back to work as fast as possible. DNREC has devised an aggressive timeline with the goal of having the program approved by DOE and contracts signed with subgrantees and installer contractors in November. However, it is also imperative that the new program is diligent in address the numerous concerns identified by the DOE. We need high quality training of all weatherization workers, increased oversight, detailed contracts, updated audits and price lists, and competitive and equitable procurement processes. These programmatic developments will take time, and thus it is essential for all the stakeholders to work together so that we can implement national best practices in a short time frame.

2. Identification of a sustainable program budget

We expect the weatherization program will have the following annual sources of funding:

1. DOE WAP annual grant (varies \$500,000 to \$1 million annually)
2. Utility funds allocation (65% of total revenues as negotiated with DHSS is about \$1 million annually)
3. Regional Greenhouse Gas Initiative (RGGI) auction funds (10% of total revenues, currently about \$1.3 million annually)
4. Federal Department of Health and Human Services (HHS) Low Income Home Energy Assistance Program (LIHEAP) annual grant allocation (10% of total LIHEAP grant as negotiated with DHSS is about \$1.7 million annually)

Total Annual Funds = \$4.5-\$5 million annually

In addition, the WAP American Recovery and Reinvestment Act (ARRA) grant gives Delaware \$13,733,668 over three years: 2009-2012.

3. Creating the necessary capacity and accountability in the WAP subgrantees

The DOE Weatherization Assistance Program is structured, by statute, such that the State must contract with local agencies, which then deliver weatherization services to eligible residents.² DHSS has previously held open competitive processes for subgrantee selection every 5 years. Due to the time concerns discussed previously, DNREC plans to continue with the current subgrantees (Neighborhood House, Inc. and First State Community Action Agency who were selected under a 2009 DHSS competitive procurement process) until June 30, 2012. . Over the next year, DNREC will consider implementing a new competitive bidding process for subgrantees, where new organizations and possible geographic divisions (including a single subgrantee for the entire state) might be considered.

DNREC is implementing several policies to address concerns about the previous program, and in no way does keeping the same subgrantees mean continuing “business as usual.” DNREC will be implementing a new contract with the subgrantees that will define the roles, responsibility, and accountability for the subgrantees under the new program design and include mandatory compliance with all DOE and ARRA regulations, as well as rigorous reporting and documentation requirements.

DNREC continues to work closely with the subgrantees. It is essential that all components of the weatherization program are involved in the program design and implementation. This summer, DHSS provided intensive training of subgrantee staff with expert consultants and DOE managers. DNREC will coordinate additional training of the subgrantee staff, as well as increase the administrative funding to the subgrantees to ensure that they can have the necessary staffing resources to successfully meet the new standards of the program. Under the new system, the subgrantees have increased accountability and oversight roles in the program. DNREC plans to hire additional consultants to help the subgrantees successfully implement the new program, and to train the staff further on the new policies and procedures.

DNREC will intensively train, monitor, and oversee the subgrantees. DNREC will perform regular evaluations of the subgrantees implementation of policies, procedures, documentation, training, and oversight and poor performance will be corrected promptly. Other participants in the weatherization program, such as installation contractors and affected households, will be included in the subgrantee evaluation process. DNREC will create open communication systems to identify quickly any challenges and immediately remedy the issues.

² Enabling legislation quote from 42 USC Sec. 6864: “States must select “community action agencies or other public or nonprofit entities to undertake the weatherization activities authorized by this subchapter:

Provided, Such selection shall be based on the agency's experience and performance in weatherization or housing renovation activities, experience in assisting low-income persons in the area to be served, and the capacity to undertake a timely and effective weatherization program:

Provided further, that in making such selection preference shall be given to any community action agency or other public or nonprofit entity which has, or is currently administering, an effective program under this subchapter or under title II of the Economic Opportunity Act of 1964.”

4. A new competitive and open procurement processes for WAP subcontractors

DNREC will dramatically change the current subcontractor process. Both the going forward and the going backward processes will only employ contractors selected through a new competitive procurement process. DNREC will facilitate, on behalf of the subgrantees, a new procurement process for WAP subcontractors (both auditors and installers) that is open, competitive, fair, and based on iterative performance evaluations. The procurement process will involve pre-qualification tests of the experience, capacity, and history of the applicants. There will also be an iterative evaluation process, where quarterly evaluations of all weatherization contractors feed into the eligibility and job allocation for the following time period. Contractors and auditors will be evaluated from final inspections by subcontracted auditors and by quality assurance audits by DNREC personnel. Both companies and individual workers will be included in the evaluations. Previous work was highly variable by work team or by individual auditor, so DNREC will be implementing a detailed evaluation process that monitors the performance of each individual person. The subgrantees will have the final say in all contractor selection.

For the start-up procurement process (which DNREC intends to run in October), all selected applicants from the procurement process will undergo the same training coordinated by the State, regardless of their previous training. This “jump start” training requirement will help ensure consistency across workers, as well as education of all employees on the new DNREC program policies and procedures. In future procurement processes, training requirements will likely be prerequisite for a successful bid. All employees working in the program will be required to attend certain training, with everyone obtaining a minimum base level of training in the program’s policies and procedures. The training requirements will be specified for the different roles, such as crew chiefs, installers, HVAC, auditors, and administration staff. The consistent new training will enable accountability and oversight at multiple levels in the program.

DNREC will insure that contracts the subgrantees will have with the subcontractors (both installers and auditors) clarify the accountability that falls on the subcontractors to follow DOE regulations and to provide necessary documentation and reporting. These contracts must also specify the process by which the contractors will be evaluated and the terms under which they will be paid for their work (e.g., only after successful final inspections of the entire unit, per DOE regulations). DNREC will continue to strive to streamline the process so that contractors are paid as soon as possible after work is completed. Contracts will also require regular performance evaluations and establish a formal process by which contractors can submit complaints about any component of the weatherization program, so that the program design can continue to improve over time.

DNREC will also insure that subgrantees allocate jobs to the subcontractors in a way that is transparent, consistent, performance-based, and fair and absent any special treatment of contractors. The goal of the program is to create a new workforce of highly trained energy efficiency professionals. Such a goal can only happen when companies have clarity on how many jobs they will get a year, and when companies are given enough jobs to enable them to specialize in weatherization.

5. Establishing training and certification programs and requirements

The training proposed for the new program is of two general categories: 1) the “jump start” training needed for all employees before the weatherization program begins again; and 2) the long-term training plan for the weatherization program. For the long-term plan, DNREC will have a competitive procurement process in early 2011, where bids will detail proposals for meeting Delaware weatherization training needs. The WAP ARRA budget will have around \$1M available for the development and implementation of training opportunities.

The desired training program will have a ladder structure of tiered training opportunities. The program will cover all the levels of training and certification required for the weatherization program, including audit and final inspections, general installation, HVAC repair and replacement, and crew leadership, as well as opportunities for basic construction prerequisites. There will also be continuing education mandated for all weatherization employees. DNREC will work to coordinate the development of certifications and curricula to be consistent with the requirements of other energy efficiency programs, such as those run by the Sustainable Energy Utility (SEU) and the Delaware Energy Office. Again, the goal is for Delaware to lead the nation in developing a workforce of highly trained energy efficiency professionals.

In the short-term, the program needs to train all employees quickly and consistently. DNREC is assessing the training options that have the capacity to train all our workers in a short time period and whose programs meet DOE guidance and best practices.³ DNREC’s preference is to utilize training capabilities here in Delaware, however, in order to accommodate short term needs, multiple training centers from around the region may need to be used to enable the expedited training of all participants. DNREC will coordinate the finalization of consistent curricula for all training and pay for all training through the DOE training funds available. Staff training also will be arranged for DNREC and subgrantee staff on all new policies and procedures, as well as DOE requirements.

6. Increase monitoring and oversight

Numerous changes have been made to increase the monitoring and oversight throughout the program to prevent the mistakes of the past and enable the program to continue to identify problems and improve over time. Increased staffing resources at DNREC will enable the quality assurance checking of 20% of all completed units, and 10% of all units in-process. DNREC is also establishing evaluation processes for all audit contractors, installer contractors, and subgrantees. Performance evaluation will be an integral part of DNREC’s program to ensure maximum quality and efficiency.

7. Updated Policies and Procedures

DNREC is updating the weatherization program’s policies and procedures to address all the DOE concerns and to implement best practices. For example, DNREC is purchasing a new web-based database to enable the consistent documentation of all parts of the weatherization program,

³ For more information, see the DOE Weatherization Training website:
<http://www.waptac.org/Training-Resources/Training-Tools.aspx>

including client details, client eligibility, energy audit, work orders, contractor invoices, final inspections, evaluations, DNREC review, and final payment allocations. DNREC is also finalizing new energy audit and final inspection procedures. Delaware will begin using a computerized energy audit to increase documentation, standardization, quality control, and objectivity in the program. DNREC is also required by DOE to develop a new price list and will be developing the list through the competitive bidding process. DNREC is also updating the prioritization procedures for how qualified households are ranked in the system. The new prioritization process will be objective, transparent, and consistent. Household prioritization is given to the elderly and persons with disabilities and to families with children. DNREC's goal is to ensure that priority is given to high residential energy users and to households with high energy burdens and is developing systems to facilitate the collection of data to allow for this additional priority in the near future.

DOE GRANT APPLICATION DOCUMENTS

The following DOE grant application documents are provided for both the WAP annual 2010 grant and the WAP ARRA grant (2009-2012):

1. Master File: overall program description that answers specific DOE questions.
2. Annual File: specific descriptions about program design.
3. Budget Spreadsheet: budget details for full grant.
4. Budget Explanation File: narrative explaining each budget item.